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From:

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To:

Cc:

Subject: RE: Local Counsel Questioning SOL

I don't see the limitation you referred to below in the extension agreement: "to determine the gain at the partnership level"

There no question that gain on the sale of a partnership interest is an affected item affected by the partnership items listed in section 705 that make up the partner's basis in his partnership interest. Any determination of the partnership items listed in section 705 will affect the partner's outside basis and, thus, the partner's gain on the sale of his partnership interest. See, e.g., Desmet v. Commissioner. Under section 6229, any extension of the period for assessing tax attributable to partnership items also extends the period for assessing affected items. See, e.g., Ginsburg v. Commissioner. Thus, you will have one year following the completion of the partnership proceeding to issue an affected item notice of deficiency under section 6230(a)(2)(A)(i) redetermining the gain on the sale of the partnership interest.